

## Message Text

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ACTION EA-09

INFO OCT-01 EUR-12 IO-13 ISO-00 SP-02 USIA-15 AID-05

EB-07 NSC-05 EPG-02 TRSE-00 SS-15 STR-04 OMB-01

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R 020528Z MAY 77

FM AMEMBASSY WELLINGTON

TO SECSTATE WASHDC 3132

INFO USMISSION OECD PARIS

USDEL MTN GENEVA

AMEMBASSY CANBERRA

UNCLAS WELLINGTON 1618

E.O. 11652: N/A

TAGS: ETRD, ECON, EFIN, NZ

SUBJECT: CURRENT ACCOUNT FOR MARCH SLIPS BACK INTO DEFICIT

REF: (A) WELLINGTON 1149, (B) WELLINGTON 1470

1. THE FIGURES JUST RELEASED BY THE RESERVE BANK ON OVERSEAS EXCHANGE TRANSACTIONS (OET'S) FOR MARCH 1977 SHOW A \$20 MILLION CURRENT ACCOUNT DEFICIT. THIS PLACES THE DEFICIT FOR THE YEAR ENDING MARCH 1977 AT \$590 MILLION VS \$814 MILLION FOR THE YEAR EARLIER PERIOD. (ALL FIGURES IN THIS REPORT ARE IN NZ DOLLARS. \$NZ1 EQUALS \$US0.9700.)

2. EXPORT RECEIPTS FOR MARCH REACHED A RECORD \$348 MILLION. INVISIBLES RECEIPTS ROSE TO \$80 MILLION. IMPORT PAYMENTS AT \$311 MILLION ALSO SURPASSED PREVIOUS RECORDS, MAKING THE TRADE SURPLUS OF \$37 MILLION. (NOTE: TRADE BALANCES AS RECORDED BY OET'S ARE NOT COMPARABLE WITH TRADE FIGURES AS RECORDED BY CUSTOMS ENTRIES AND DEPARTURES OF GOODS. SEE REFTEL B.) INVISIBLES PAYMENTS ROSE TO \$138 MILLION, MAKING A DEFICIT IN THE INVISIBLES ACCOUNT OF \$57.5 MILLION.  
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3. CAPITAL RECEIPTS WERE \$79 MILLION FOR MARCH WHILE PAYMENTS WERE \$24.5 MILLION.

4. FOREIGN EXCHANGE RESERVES ROSE \$34 MILLION IN MARCH.

5. FOR THE QUARTER ENDING MARCH 1977 THE LARGER TRADE

SURPLUS OF \$96 MILLION HELPED REDUCE THE CURRENT ACCOUNT DEFICIT. EXPORT RECEIPTS AT \$894 MILLION WERE UP 28 PERCENT OVER THE MARCH 1976 QUARTER. EXPORTS OF WOOL, OTHER PRIMARY PRODUCTS, OTHER ANIMAL PRODUCTS AND MANUFACTURED PRODUCTS REGISTERED THE LARGEST INCREASES.

6. IMPORT PAYMENTS CONTINUED THEIR VIRTUAL STEADY RISE OF THE PAST TWO YEARS, REGISTERING A 21 PERCENT INCREASE OVER THE MARCH 1976 QUARTER TO \$798 MILLION.

7. INVISIBLES RECEIPTS HAVE RISEN FOR THE PAST THREE QUARTERS TO \$201 MILLION IN THE MARCH 1977 QUARTER. INVISIBLES PAYMENTS AFTER RISING TO \$345 MILLION FOR THE SEPTEMBER 1976 QUARTER HAVE FALLEN TO \$315 MILLION FOR THE MARCH QUARTER.

8. THE CURRENT ACCOUNT DEFICIT HAS DECLINED FOR THE LAST TWO QUARTERS, FROM \$252 MILLION FOR THE SEPTEMBER 1976 QUARTER TO \$18 MILLION FOR THE MARCH QUARTER.

9. THE NET CAPITAL INFLOW AT \$51 MILLION FOR THE MARCH QUARTER WAS WELL BELOW THE DECEMBER INFLOW OF \$234 MILLION.

10. THE CURRENT ACCOUNT DEFICIT FOR THE YEAR ENDING MARCH 1977 WAS \$224 MILLION BELOW THE DEFICIT FOR THE MARCH 1976 YEAR. THE TRADE SURPLUS FOR THE YEAR WAS \$43 MILLION VS A \$394 MILLION DEFICIT FOR THE MARCH 1976 YEAR. INVISIBLES RECEIPTS ROSE 12 PERCENT TO \$662 MILLION WHILE UNCLASSIFIED

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PAYMENTS ROSE 28 PERCENT TO \$1,295 MILLION, MAKING THE INVISIBLES DEFICIT \$633 MILLION UP FROM \$213 MILLION FOR THE YEAR EARLIER PERIOD.

11. EXPORT RECEIPTS AT \$3,121 MILLION WERE 41 PERCENT ABOVE THE YEAR EARLIER PERIOD, WHILE IMPORT PAYMENTS ROSE 18 PER CENT TO \$3,078 MILLION.

12. TOTAL CAPITAL RECEIPTS (INCLUDING \$118 MILLION IMF DRAWINGS) REACHED \$939 MILLION. OF THIS \$374 MILLION WAS PRIVATE. CAPITAL PAYMENTS TOTALLED \$453 MILLION, \$162 MILLION OF WHICH WAS PRIVATE.

13. OFFICIAL FOREIGN EXCHANGE RESERVES WERE \$714 MILLION AT THE END OF MARCH.

14. OF THE TOTAL CURRENT RECEIPTS OF \$3,783 MILLION FOR THE MARCH YEAR AS RECORDED BY THE OET'S, THE UK ACCOUNTED FOR \$805 MILLION, AUSTRALIA \$620 MILLION, THE

US \$479 MILLION AND JAPAN \$423 MILLION.

15. OF \$4,374 MILLION IN OET CURRENT  
PAYMENTS \$1,087 MILLION WAS IN US DOLLAR ACCOUNT,  
\$1,077 MILLION IN POUNDS STERLING ACCOUNT, \$877 MILLION  
IN AUSTRALIAN DOLLARS AND \$416 MILLION TO THE JAPANESE ACCOUNT.  
CURRENT ACCOUNT TRANSACTIONS IN US DOLLARS AND THE POUND  
STERLING APPEAR LARGER THAN ACTUAL TRADE FIGURES WITH THE  
US AND THE UK WOULD WARRANT BECAUSE OF A CONSIDERABLE SHARE  
OF TRADE WITH OTHER COUNTRIES IS CARRIED ON IN US DOLLARS AND  
POUNDS STERLING.  
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